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CALIFORNIA STATE ALLOCATION BOARD
PUBLIC MEETING

CALIFORNIA STATE MUSEUM
AUDITORIUM
1020 O STREET
SACRAMENTO, CALIFORNIA 95814

DATE: WEDNESDAY, APRIL 20, 2016
TIME: 4:09 P.M.

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APPEARANCES

MEMBERS OF THE BOARD PRESENT:

ERAINA ORTEGA, Chief Deputy Director, Policy, Department of Finance, designated representative for Michael Cohen, Director, Department of Finance

JEFFREY McGUIRE, Chief Deputy Director, Department of General Services, designated representative for Daniel Kim, Director, Department of General Services

CESAR DIAZ, Appointee of Edmund G. Brown, Jr., Governor of the State of California

NICK SCHWEIZER, Deputy Superintendent of Public Instruction, Services for Administration, Finance, Technology & Infrastructure Branch, California Department of Education (CDE), designated representative for Tom Torlakson, Superintendent of Public Instruction

SENATOR LONI HANCOCK

SENATOR CAROL LIU

SENATOR BOB HUFF

ASSEMBLYMEMBER ADRIN NAZARIAN

ASSEMBLYMEMBER SUSAN BONILLA

ASSEMBLYMEMBER ROCKY CHAVEZ

REPRESENTATIVES OF THE STATE ALLOCATION BOARD PRESENT:

LISA SILVERMAN, Executive Officer

REPRESENTATIVES OF THE DEPARTMENT OF GENERAL SERVICES, OFFICE OF PUBLIC SCHOOL CONSTRUCTION (OPSC) PRESENT:

LISA SILVERMAN, Executive Officer
BARBARA KAMPMEINERT, Deputy Executive Officer

REPRESENTATIVE OF THE DEPARTMENT OF GENERAL SERVICES, OFFICE OF LEGAL SERVICES PRESENT:

JONETTE BANZON, Staff Counsel

P R O C E E D I N G S

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CHAIRPERSON ORTEGA: Good afternoon, everyone.
I'll call to order the State Allocation Board meeting for
April 20th. If you could please call the roll.

MS. JONES: All right. I'll go up to the podium.

CHAIRPERSON ORTEGA: Great.

MS. JONES: Senator Hancock.

Senator Liu.

Senator Huff.

SENATOR HUFF: Here.

MS. JONES: Assemblymember Nazarian.

Assemblymember Bonilla.

Assembly Chavez.

ASSEMBLYMEMBER CHAVEZ: Here.

MS. JONES: Nick Schweizer.

MR. SCHWEIZER: Here.

MS. JONES: Cesar Diaz.

MR. DIAZ: Here.

MS. JONES: Jeffrey McGuire.

MR. MCGUIRE: Here.

MS. JONES: Eraina Ortega.

CHAIRPERSON ORTEGA: Here.

MS. JONES: We have a quorum.

CHAIRPERSON ORTEGA: I'd like to welcome Senator

1 Huff to our meeting today, a former State Allocation Board
2 member. So thank you for joining us again. And then
3 welcome to Chief Deputy Director Jeffrey McGuire who will be
4 sitting as the delegate for the DGS Director.

5 And we'll let the record show that Assemblymember
6 Bonilla has also joined us.

7 MS. JONES: Got it.

8 CHAIRPERSON ORTEGA: Oh, and Senator Hancock.

9 SENATOR HANCOCK: I came in as you were calling
10 the roll.

11 CHAIRPERSON ORTEGA: Yes. So let's go ahead and
12 start with the **Minutes** from the January 27th and
13 February 24th meetings. Are there any comments or questions
14 from Board members. Seeing none, is there a motion?

15 MR. DIAZ: I'll motion.

16 CHAIRPERSON ORTEGA: Motion by Mr. Diaz. We have
17 a motion. Second?

18 MR. MCGUIRE: Second by Mr. McGuire. All in favor
19 of approval of the Minutes say aye.

20 (Ayes.)

21 CHAIRPERSON ORTEGA: Any abstentions or
22 objections?

23 SENATOR HUFF: Abstention not having been there.

24 CHAIRPERSON ORTEGA: Great. Abstention by Senator
25 Huff.

1 MS. JONES: Got it.

2 CHAIRPERSON ORTEGA: That action is approved.

3 Lisa, if you don't mind, I'm going to skip ahead to the
4 action items while we have a quorum.

5 MS. SILVERMAN: Sure. That's all right.

6 CHAIRPERSON ORTEGA: We'll go to the first action
7 item which is under Tab 6 and that would be the
8 **Klamath-Trinity appeal.** Barbara.

9 MS. KAMPMEINERT: All right. Thank you.

10 CHAIRPERSON ORTEGA: Thank you.

11 MS. KAMPMEINERT: The Klamath-Trinity School
12 District has submitted an appeal for five health and safety
13 projects. The district is a small district with just over a
14 thousand students and they are located in a remote region of
15 Northern California in Humboldt County.

16 Over 85 percent of the district students are on
17 Native American lands and, in addition, they have over
18 90 percent free and reduced lunch as well.

19 They have some severe health and safety issues at
20 multiple campuses within the district related to a
21 contaminated water supply as well as mold issues, leading to
22 the closure of multiple facilities across campuses within
23 the district.

24 And on page 112 of your agenda, staff is
25 recommending that the Board take several actions to assist

1 the district. Parts of these projects meet the health and
2 safety requirements of the program, but there are some
3 aspects of these projects that make it where we cannot
4 approve this administratively.

5 But we do support that the Board consider the
6 following recommendations to provide some funding to help
7 the district get the kids back into the classrooms.

8 On page 112, Recommendation I relates to
9 replacement funding. The district has submitted cost
10 estimates to repair these schools, and under the regulations
11 of the program, they have exceeded the 50 percent threshold
12 and do qualify for replacement funding.

13 However, the state funding formula for those
14 programs does not take into account unique circumstances
15 such as what the district is facing.

16 Because they are very remote, the costs to do the
17 construction are higher because they have to bring in both
18 workers and supplies. They don't have a local pool of
19 contractors they can work with.

20 In addition, the climate of the area is very wet,
21 and so they need to have special considerations when they
22 constructing their facilities.

23 So as the Board has considered in the past for
24 districts that have had historic buildings under the Seismic
25 Mitigation Program where it wasn't feasible for them to do

1 replacement projects within the state funding for
2 replacement, Klamath-Trinity is requesting to use
3 replacement funding to rehabilitate the facilities to remove
4 the mold and repair them for four of the schools.

5 You can see them listed in the chart there on
6 Attachments D, E, F, and G. And staff does support the
7 district's request to do this.

8 The second recommendation relates to Jack Norton
9 Elementary School which is not a mold project currently, but
10 had a contaminated water supply and the district needed to
11 connect into another source of water for the school.

12 There was an issue with the DSA approval date on
13 this in which the district let contracts before obtaining
14 DSA approval, but as soon as both DSA and the district
15 realized it would require DSA approval, they worked together
16 to quickly achieve DSA approval and have taken care of that.

17 But we would recommend that the Board provide
18 funding of the project given the circumstances.

19 And then the third recommendation relates to four
20 of the projects, three of them with mold issues and then the
21 Jack Norton project with the contaminated water supply.

22 Part A would provide apportionments for the
23 projects today outside of the priority funding process.

24 Because of the situation of having to close the
25 schools and then also recently in February, the district

1 learned that multiple other facilities on their school sites
2 have mold issues as well, so they've had to close the
3 schools and reconfigure and they are not in all of their
4 facilities right now.

5 So we are recommending that the Board approve the
6 district's request to receive immediate apportionment today
7 so that cash can be provided to them very quickly so that
8 they can continue with the work of remediating the mold and
9 also reimburse them financing that they had to take out in
10 order to get some of the facilities usable.

11 There is a Part B on this because one of the
12 projects, the Hoopa Valley High, we're still finalizing the
13 numbers with the district on the actual costs.

14 So we would be asking that the Board approve that
15 in concept so that we could come back at the next scheduled
16 Board meeting with a consent item for Hoopa Valley High to
17 take the same action and provide an apportionment for which
18 the district could submit and a fund release immediately
19 after the future Board action. I can answer any questions.

20 CHAIRPERSON ORTEGA: Okay. Thank you, Barbara.
21 And I do have speakers on this item, Mindy Natt and John
22 Ray, if you'd like to come on down. There's a microphone
23 here. Welcome.

24 MS. NATT: My name is Mindy Natt. I'm a
25 councilmember for the Yurok Tribe and I'm coming down where

1 to -- in support of this funding. We need funding for our
2 schools.

3 The Yurok Tribe is the largest tribe in California
4 with over 6,000 tribal members, and currently, in the
5 Klamath-Trinity School District, there is 90 percent tribal
6 members that are in the school -- or that are Native
7 children.

8 And so it's really important for the council to
9 have good drinking water for our kids at Jack Norton School.

10 There's two schools that are within the Yurok
11 Reservation and they're Jack Norton and Weitchpec, and Jack
12 Norton -- it has mold problems and the water is contaminated
13 and they can't -- they haven't been drinking out of the
14 Owl (ph).

15 And it's really important for the tribe to, you
16 know, be able to support our kids and make sure that our
17 kids have a good education, just like down here in the big
18 city.

19 We are in a little part of the reservation and I
20 feel like sometimes we get neglected and we don't get the
21 education that we deserve.

22 So I just want to thank you guys all for
23 supporting this and -- so thank you.

24 CHAIRPERSON ORTEGA: Thank you.

25 MR. RAY: Hi, my name is Jon Ray. I'm the proud

1 Superintendent of Klamath-Trinity and I just wanted to thank
2 you for your time, also be here to answer any questions, but
3 I'd also like to publicly recognize the office staff of
4 OPSC.

5 Lisa Silverman, Barbara, and her staff have gone
6 over and above to help us out and spend the hours to try and
7 make this work. So thank you.

8 CHAIRPERSON ORTEGA: Thank you. Any comments from
9 Board members?

10 ASSEMBLYMEMBER BONILLA: Move the item.

11 MR. DIAZ: Second.

12 CHAIRPERSON ORTEGA: Okay. Motion and a second to
13 approve the staff recommendations. I think -- all in favor.

14 (Ayes.)

15 CHAIRPERSON ORTEGA: Any nays? Passes
16 unanimously. Let's move onto the next action item which is
17 the **Santa Ana appeal**.

18 MS. KAMPMEINERT: Okay. The next appeal that we
19 have is from Santa Ana Unified, and this relates to a
20 project that received funding under the Overcrowding Relief
21 Grant Program, and this is for Heninger Elementary.

22 And the project is complete and going through the
23 close-out process, and it was reported that the district had
24 about \$2.7 million worth of savings.

25 And in its appeal, the district is requesting to

1 retain the savings from this project.

2 The staff -- when the request came in, we did deny
3 the request originally because the staff position is that
4 the regulations as written do require that projects under
5 the Overcrowding Relief Grant Program return any savings
6 that are not spent on that particular project back to the
7 State.

8 And then what happens after that is that the
9 savings goes back into the Overcrowding Relief Grant Program
10 and it's used to fund other projects.

11 The regulations have been in place for eight
12 years. Up until this point, we've had no public comment and
13 no concerns raised, and we have had multiple districts that
14 have remitted savings from ORG projects in the past.

15 Santa Ana has provided a legal opinion that they
16 believe that there is a statutory basis that would not
17 require the return of savings and they also have stated that
18 the regulation doesn't state that savings needs to come
19 back.

20 We have evaluated the legal opinion and spoken
21 with legal counsel and believe that the original regulation
22 did have statutory basis and is a valid regulation. It did
23 go through the public process. It went through the Office
24 of Administrative Law. No comments were raised at that time
25 with concern related to retaining savings.

1 Then also in the event that savings is not
2 required to go back to the program, there are six projects
3 that did not receive bond authority for the Overcrowding
4 Relief Grant Program in the last round.

5 The program was oversubscribed for the last round
6 and in a past Board action, the Board determined that those
7 projects could remain on a workload list, and in the event
8 that any funding was returned to the program, the projects
9 could then be funded at a later date.

10 We do have six projects representing about
11 \$23 million that are waiting for funds to be used for
12 Overcrowding Relief Grant purposes.

13 Right now, we don't foresee any additional ORG
14 fully rescinding, so the only source of funding for those
15 six projects would be the return of savings to the program.

16 In addition, we have several other programs that
17 have regulations that do require that the return of savings
18 go back, and those programs stem from Prop. 1D where there
19 were limited pots of funds and the policy decision by the
20 Board at the time was to try to spread the funding for the
21 Overcrowding Relief Grant Program, Career Technical
22 Education Facilities, and Charter School Facilities -- to
23 spread those funds to as many projects as possible because
24 it was a limited funding source.

25 So that was the balance between requiring

1 districts to return the savings.

2 In the New Construction Program, there is the
3 ability for districts to retain savings with the efficient
4 use of funding. However, that funding source had more money
5 available to it, so it's not been an issue so far.

6 So we do believe that the regulations are valid
7 and that they are supported by statute and that Santa Ana
8 and other districts would be required to return ORG savings.

9 However, in the event that the Board does choose
10 to grant the appeal, we would also suggest that the Board
11 consider the impacts to the other projects that have already
12 returned savings because there are multiple districts that
13 have returned over \$7 million in savings back to the
14 program, but from an equity standpoint, we would seek
15 direction on what to do about the savings that have
16 previously been returned and that if the appeal is approved,
17 we would also request direction on whether we should be
18 coming back with regulations to clarify.

19 And I'd be happy to answer any questions.

20 CHAIRPERSON ORTEGA: Okay. Should we start with
21 hearing from the folks from Santa Ana at this point, unless
22 there are any questions. Seeing none, let's go ahead and
23 call up the Santa Ana folks. I have Alan Reising and Rick
24 Miller.

25 DR. MILLER: Good afternoon. I'm Dr. Rick Miller

1 from Santa Ana Unified School District and I represent the
2 district and over 55,000 students.

3 As has been pointed out, we have an appeal because
4 we think that there are some other things that are in play
5 here.

6 We believe we have exercised purposefully fiscal
7 prudence and stewardship which is consistent with our
8 understanding of the California Education Code 1707.63(c)
9 which specifically says any savings achieved by the
10 district's efficient and prudent expenditure of these funds
11 shall be retained by the district in the county fund for
12 expenditure by the district for other high priority capital
13 outlay purposes.

14 In our view, those other high priority projects
15 are also ORG projects. We have 228 temporary mods that are
16 still out there that need to be replaced. They're in all
17 kinds of condition as you might imagine, and our students
18 are not adequately housed.

19 This was an initiation on our part based on our
20 understanding of the code and where this was all going, and
21 so we would urge your support of our appeal overall.

22 We also believe that with these shovel-ready
23 projects that we were an original part of the ORG
24 legislation. In fact, I think we were the poster district,
25 if you will, at the time.

1 Our students -- over 90 percent of them are free
2 and reduced eligible. 60 percent of our kids are ELL and
3 over one-third of our sites exceed the State's maximum site
4 density as we do this.

5 Going forward, we think that this is a policy
6 decision, and it's really a statement to us as districts
7 about where you want us to go and it's really a statement of
8 choice as we understand it.

9 On the one side, we think there's a clear
10 indication in the code that we need to have stewardship, and
11 the stewardship then goes back to increasing the reduction
12 of those modular units that are in our district, and I said
13 we have 228, on the one side.

14 On the other side, the idea seems to be to expend
15 all available funds and we certainly could have done that.
16 There were choices we made to not go that direction.

17 So that's the choice. Stewardship on the one
18 side, expend the funds on the other side. And we thank you
19 for your attention in this matter.

20 CHAIRPERSON ORTEGA: Okay. Thank you, Dr. Miller.
21 I earlier referenced an Alan Reising -- sorry -- from
22 Glendale Unified. Nice to see you again.

23 MR. REISING: From Glendale. Thank you. Thank
24 you. So Allocation Board members, my name is Alan Reising.
25 I'm the Administrator of Facilities for Glendale Unified

1 School District.

2 I'm here today to lend my district's support of
3 the appeal that is currently before you from Santa Ana
4 Unified School District.

5 Just basically agree with all the comments from
6 Dr. Milles, but I did want to speak quickly to -- as fiscal
7 stewards to the State and local funds that we're responsible
8 for.

9 I'm just a little concerned about the adoption of
10 this policy could set an incentive where districts wouldn't
11 necessarily be required to be good stewards of those funds.
12 It essentially could set up an incentive for inefficient use
13 of those funds.

14 By being efficient with what we do, we want to
15 save those funds. We want to return those back to the
16 communities and schools that we serve to get the most use
17 out of those funds.

18 So we do as a district -- we would like to support
19 Santa Ana Unified and urge the Board to approve this appeal
20 moving forward. Thank you.

21 CHAIRPERSON ORTEGA: Thank you. Okay. And I also
22 have Ronna Wolcott from Newhall Unified. Ms. Wolcott.

23 MS. WOLCOTT: Hello. I'm the Assistant
24 Superintendent for Business Services for Newhall School
25 District, and I'm actually here to urge you to vote no on

1 this appeal, being one of those districts that is still
2 waiting on that list for funding.

3 We have two projects on the list. We submitted
4 back in 2013 and we have been patiently waiting in the hopes
5 that ultimately there will be savings. That is how the
6 program has been running all these years. Other districts
7 have benefited from that same policy.

8 The two projects in question were already
9 completed with local bond funds, but we were only able to
10 complete of removing portable classrooms at one site because
11 we have a lack of State funding.

12 So those two sites are small elementary schools.
13 We're a small district. We had the fastest growing city in
14 California in the early '90s. Lots and lots of portables.

15 Our community thankfully has been supporting our
16 efforts to get these portables off with permanent classrooms
17 so we can return our students to good classrooms, and also
18 in terms of site size, these two projects -- one is about
19 six and a half acres, the other one slightly over seven,
20 which both are below the recommended standard.

21 So I would urge you to continue the policy that
22 has been in place and to deny this appeal. Thank you.

23 CHAIRPERSON ORTEGA: Thank you. Open it up for
24 questions or comments from Board members.

25 ASSEMBLYMEMBER CHAVEZ: Yeah.

1 CHAIRPERSON ORTEGA: Yes. Assemblymember Chavez.

2 ASSEMBLYMEMBER CHAVEZ: First of all, I'd like to
3 acknowledge the fact that I visited Santa Ana and I would
4 also like to reaffirm what the superintendent said that the
5 facilities that they built are very good, but also identify
6 he had some extremely poor facilities.

7 So I recognize the fact that there is a great need
8 at Santa Ana and the facility I saw was a block with
9 overcrowding and they didn't even have a playground.

10 What I want to hear is from the staff because it's
11 clearly a need for Santa Ana, but I would imagine it's
12 clearly a need throughout the State. That's why I'm a
13 supporter of the school bond coming forward or this ballot
14 initiative.

15 What is the fair way to deal with this because
16 we're dealing with probably needs throughout the State?
17 What's the practice because there was a discussion made by
18 the superintendent that was their agenda, they could
19 reutilize their money.

20 So could I have an opinion on that, what's the
21 rule say?

22 MS. KAMPMEINERT: Well, the way the program is
23 currently structured, the original policy was set to make
24 sure that needs throughout the State were covered. So that
25 was why it went into effect.

1 And when Overcrowding Relief Grant applications
2 come in, they are ranked on the density of the school site.
3 So it's not first in/first out, but there were individual
4 filing rounds for these projects.

5 And schools that have higher pupil densities were
6 ranked higher. So we would go down the list in order of
7 pupil density until we ran out of bond authority.

8 So the policy and the way the program was
9 structured was identified to address those schools that have
10 the highest need. We --

11 ASSEMBLYMEMBER CHAVEZ: So in that case, Santa Ana
12 was recognized with the highest need. That's why they
13 received the money.

14 MS. KAMPMEINERT: For the applications that they
15 submitted --

16 ASSEMBLYMEMBER CHAVEZ: Yes.

17 MS. KAMPMEINERT: -- project by project. So for
18 the projects that they are planning to do or plan to use the
19 savings for, those have not come through the program, so I
20 don't have the answer to where those would have fit in, in
21 comparison to the other applications that are outside the
22 bond authority.

23 ASSEMBLYMEMBER CHAVEZ: But the money that they
24 were allocated for the project they did, now the return
25 savings that come from that, was the policy that that return

1 to the State Allocation Board to be reallocated to other
2 schools with -- down the pecking order -- down the list?

3 MS. KAMPMEINERT: Yes. That was the policy and
4 that is how the regulations read. The savings come back and
5 then the Board took further action when determining whether
6 or not to close that final round when we ran out of bond
7 authority initially, and the Board decided let's not send
8 these applications back. Let's wait and see if savings
9 return because if savings return, then we can keep going
10 down the final round.

11 So there are only six projects waiting in the
12 program. There are no further application periods because
13 essentially the bond authority has been used up. So those
14 projects are waiting to see what happens.

15 ASSEMBLYMEMBER CHAVEZ: Thank you.

16 CHAIRPERSON ORTEGA: Okay. Any other comments?
17 Senator Hancock.

18 SENATOR HANCOCK: Yeah. It seems to me that if we
19 were to change our policy now, we would have to go back and
20 pay \$7 million to the schools that gave their money back.

21 That would leave even less money for the schools
22 down on the list; right?

23 MS. KAMPMEINERT: That's correct.

24 SENATOR HANCOCK: So I don't really see any way
25 for us to do this in a way that's consistent and orderly at

1 this stage of the game, but I am curious about
2 Section 1859.103 that seems to say districts can keep money
3 that they save for other high priority projects that has
4 been there in the law, but we made a policy decision that we
5 were not going to do that?

6 MS. KAMPMEINERT: Well, it's -- to the statute
7 for -- the statute that guides that refers also to the
8 program for unhoused pupils.

9 So when initially the policy was being made,
10 because there was a reference in that same Ed Code section
11 to unhoused pupils, ORG does not house unhoused pupils.
12 It's a separate program. It's not the New Construction
13 Program.

14 So the Board's broader authority to set
15 regulations is what was used to harmonize the statute under
16 those two programs.

17 So the regulation was written with statutory
18 authority because that piece of Ed Code does not apply -- or
19 there's also a few other things that can happen in New
20 Construction that are referenced there, like allowing the
21 creation of portable classrooms, and the ORG statute
22 specifically prohibits the creation of ORG statute [sic].

23 So part of what the Board does when they're
24 setting those regulations has clarified those statutes. So
25 it was not against statute initially.

1 CHAIRPERSON ORTEGA: Thank you, Senator Hancock.

2 Any other comments? Senator Huff.

3 SENATOR HUFF: So having been recycled here
4 myself, I recall when Santa Ana was the poster child for
5 why, you know, we needed to have some funds like this.

6 I guess I struggle with this because I know the
7 need is in Santa Ana, and yet you have the other districts
8 with the need also. You have rules that have been in place.
9 Everybody went into that knowingly.

10 Santa Ana benefited significantly. Other schools
11 are still waiting in line.

12 And so it seems that perhaps the policy is unfair.
13 I think there's wisdom in having a policy that encourages
14 good stewardship, and this policy that we currently have
15 perhaps does not, but it seems like changing the policy in
16 the middle of this process is flawed.

17 So while it's probably too late to do anything
18 about this, I would say going forward we have a policy that
19 returns half the money that a school saves to themselves and
20 the other half goes back into the pot.

21 I don't know how we equitably divide it at this
22 point, and that doesn't take away the very profound needs if
23 Santa Ana has -- 228 portables is a lot, and yet, you know,
24 other schools have been waiting patiently as well.

25 So I think it's a no-win situation for us. We

1 move forward, but I'd certainly like to see a policy that
2 splits the difference and has an incentive going forward.

3 CHAIRPERSON ORTEGA: So we can ask staff to
4 take -- if it's the will of the Board, we can ask staff to
5 take a look at that for a policy to perhaps consider at a
6 future meeting.

7 Okay. Any other comments on this item?

8 Welcome, Mr. Nazarian.

9 ASSEMBLYMEMBER NAZARIAN: Thank you.

10 CHAIRPERSON ORTEGA: Yes. It looks like we have
11 additional public comment. Please.

12 MR. WATERS: Thank you. My name's Darrin Waters.
13 I'm Deputy Superintendent of the Val Verde Unified School
14 District which is located in Riverside County.

15 My district is -- every dollar that goes back to
16 Santa Ana comes out of our ORG application. So it is the
17 19,900 students who are at 83 percent poverty in our
18 district as well and we have a strong, strong need of a high
19 school severely overcrowded. No parking lot because we had
20 to put relocatables out there. We're trying to do a high
21 school.

22 I think the big difference -- another -- trying to
23 do another high school to relieve this overcrowding and that
24 would help us with that. We have no other State
25 participation. It's all being funded locally at this time.

1 I think the big distinction for me is in the
2 regular grants we have for construction and modernization,
3 we give up eligibility and we get the grants for that.

4 ORG, there's no eligibility requirements. So
5 there's no skin in the game, if you will. I think that's
6 the difference of why you split the savings versus not
7 splitting the savings. At least that's the way I believe
8 that.

9 So anyway, Val Verde Unified, and I'll be happy to
10 answer any questions you have as well, but my position would
11 be to please support the staff's position and deny the
12 appeal.

13 CHAIRPERSON ORTEGA: Thank you.

14 MR. WATERS: Thank you.

15 CHAIRPERSON ORTEGA: No additional comment? It
16 doesn't seem like we have a motion at this time. Senator
17 Liu.

18 SENATOR HUFF: It takes a motion -- well, it takes
19 a motion to change the staff recommendation.

20 CHAIRPERSON ORTEGA: Sure. Sure.

21 SENATOR HUFF: We need to clarify the action
22 first.

23 CHAIRPERSON ORTEGA: Okay. So if we want to
24 have -- we don't necessarily need a motion to give direction
25 to staff to come back with a future discussion about savings

1 going forward. So the only action item before us is the
2 action on the appeal.

3 We have to take an action to approve the appeal;
4 correct? We don't need to take an action if we're not
5 approving the appeal.

6 MS. KAMPMEINERT: Correct. The action would
7 stand.

8 CHAIRPERSON ORTEGA: So the -- so if there isn't
9 a --

10 SENATOR HANCOCK: So no motion means that the
11 staff's recommendation stands; correct?

12 CHAIRPERSON ORTEGA: Correct. So I'm not hearing
13 a motion, so I think we'll move on. Thank you everyone.

14 The next item is an information item and I have a
15 number of speakers who want to present on this item, I
16 understand. We'll start with a short overview from the
17 staff and then we'll ask the folks from Fremont School
18 District to come up. So, Lisa.

19 MS. SILVERMAN: So we wanted to come back and
20 follow up with -- the Board had asked us back in January of
21 2016 to provide an information item just to provide the
22 statutory framework in how developer fees were established.

23 And with that, on page 177 is the introduction of
24 that conversation.

25 But on 178, we wanted just to highlight very

1 quickly on how Level I was established and how the fee is
2 set. So the fee is established on a per square foot basis
3 and adjusts every two years in accordance to an inflation
4 set that's done by the Board, and that was just done by the
5 Board recently in January.

6 And Level II calculation is also enacted with the
7 School Facility Needs Analysis in order to determine
8 Level II, but that fee is also designed to give the district
9 an opportunity to participate on a 50-50 basis for new
10 construction projects.

11 And again a School Needs Analysis is necessary in
12 order to perform.

13 With Level III, it's the highest fee trigger.
14 With that, you still have to walk through the needs analysis
15 as you would in Level II, and the Board would have to
16 determine that there's no longer new construction dollars
17 available, and that would result in the entire project being
18 at the cost of the developer.

19 As far as background, the statute was enacted back
20 in 1987 for Level I, and Level II and III were set when SB50
21 was enacted. And we also wanted to share with the Board
22 that it was the temporary suspension back in 2012 with
23 SB1016 in which there would be no action by districts that
24 could trigger Level III.

25 However, that suspension was lifted in the fall of

1 2014 when there was a few bond bills that didn't move
2 forward.

3 So we just wanted to give a program history of the
4 statute.

5 There is also reference in the report on page 179.
6 The Legislative Analyst Office provided an overview of how
7 State funds were provided through the program since 1998.

8 And on that chart on page 179, it highlighted
9 \$120 billion has been invested in school facilities, and
10 with that, a good portion of those investments has come from
11 local school bonds. So \$75.2 billion was attributed to that
12 investment and which 35.4 billion was investment from State
13 general obligation bonds and 9.4 billion was an investment
14 from the developer fees.

15 And on page 180, we wanted just to highlight the
16 developer fees are used for construction and reconstruction.
17 It's not meant to contribute with ongoing facility costs
18 like maintenance.

19 And so with that, we also wanted to share with the
20 Board that once the statute's enacted -- once Level III is
21 triggered, there is no mechanism right now currently on how
22 you end that trigger.

23 So with that we wanted to share that to the Board
24 and acknowledge the report.

25 CHAIRPERSON ORTEGA: Okay. Thank you, Lisa. Are

1 there any questions from Board members at this time or --
2 folks are ready to move onto public speakers? Senator?

3 SENATOR HANCOCK: I have a question. How did the
4 temporary developer fees that were enacted a number of years
5 ago get lifted if there's no mechanism to lift the fee? Is
6 that a Board action or a local action?

7 MS. SILVERMAN: The statute that was enacted with
8 SB1016 and that -- at the time, there was a few bond bills
9 that were being sponsored by some of the members of the
10 Board and so with that, they were -- didn't want to move
11 forward with the possibility of Level III being triggered if
12 the conversation was being had with support of a new bond
13 initiative at the time.

14 SENATOR HANCOCK: So they deliberately didn't put
15 in a trigger to end it? So that it would be impossible to
16 get it or it would be cumbersome? I'm sorry, Lisa. I don't
17 understand.

18 MS. SILVERMAN: Yeah. No. I understand what
19 you're saying.

20 I'm not sure on how -- what the background on that
21 was and how they came up with the trigger, but nor did they
22 think that we'd probably get to the environment where we
23 would trigger it. So -- yeah. That would probably have to
24 be something that needs to be corrected at some point in
25 time, but there is no current mechanism to shut it off.

1 SENATOR HANCOCK: But it was part of the bond that
2 the voters voted on was to have these three levels --

3 MS. SILVERMAN: Correct.

4 SENATOR HANCOCK: -- of developer fees. Okay.

5 MS. SILVERMAN: Right.

6 CHAIRPERSON ORTEGA: Okay. Any other comments
7 from Board members? Okay. Let's go ahead and start with
8 Ms. Campbell? I'm not -- I know the folks from Fremont
9 wanted to start, but I have a list of names here, but I'm
10 not sure who is going to be the kind of lead-off speaker.

11 And let me just say before you get started, maybe
12 the folks who are here representing both Fremont and Dublin,
13 you can pick maybe two or three people to be your lead folk
14 and then we'll give you each a few minutes to talk and then
15 after that, we'll just ask people to identify themselves and
16 let us know what their view is -- their position. Thank
17 you.

18 MR. MORRIS: Thank you very much. My name is Jim
19 Morris. I'm the Superintendent of the Fremont Unified
20 School District, and it really is an honor. We came here
21 very respectfully.

22 Our bottom-line message to you is we need help in
23 Fremont. We have a very, very serious problem in our school
24 district.

25 Fremont, as you may know, is a high performing

1 district, the heart of the Bay Area, and we're home to a
2 growing, thriving community.

3 The challenge we face in Fremont is growing
4 community, growing enrollment. We're here to ask for your
5 help.

6 We have done as a community our part. We've
7 passed local bonds, but our school enrollment is growing.
8 When I became the Superintendent in Fremont in 2010, we had
9 32,000 students. Today we have 35,000 students and by 2022,
10 we'll be over 40,000 students.

11 And that problem is really the result of a robust
12 economy, a great location, and good things happening. We
13 have the highest performing schools in the area. We do an
14 incredible job for students.

15 But because there's so much new developed and
16 housing, we cannot keep up the pace of growth in the
17 community.

18 We have in our school district today over 2,000
19 students on a daily basis who are overloaded out of their
20 neighborhood school and sent any place that we have space
21 available.

22 We currently are out of classrooms in Fremont. We
23 have no space left.

24 We had a kindergartener who enrolled earlier this
25 week, and I had to find a classroom and open a classroom for

1 one student because I haven't a seat anywhere in Fremont.
2 We have parents driving from one end of town to the other
3 because we don't have space.

4 We have done our part as a community. I think the
5 partnership that we have in the Warm Springs area -- we had
6 three developers who came forward and said we understand
7 your Level II fee doesn't solve the problem.

8 We had three developers, Toll Brothers, Lennar,
9 and Valley Oaks Partners, who came forward and said we know
10 we have to voluntarily pay more because we cannot solve the
11 problem. There is no seats left.

12 I really honor the 50 parents, teachers, school
13 administrators who came here today because we are asking for
14 help because we do have problems in another part of town.

15 On the other end of town, we have developers KB
16 Homes, D.R. Horton, and Brookfield, who decided to sue the
17 district because we don't have a school to send those
18 children to.

19 We have a very, very serious problem. We're
20 asking what we believe is within your authority to allow
21 districts like Fremont to implement a Level III developer
22 fee.

23 We cannot continue to ask people voluntarily to do
24 it. It works in some case, but not everyone is willing to
25 give us that help.

1 I just ask you to think about the children of our
2 community. Work with us. We've stretched our local bond
3 dollars as far as we can, but we have only portable
4 classrooms and no seats left.

5 CHAIRPERSON ORTEGA: Thank you.

6 MS. CAMPBELL: Thank you. I'm Desrie Campbell,
7 Board Trustee, and I won't repeat everything that Dr. Morris
8 said, but I would like to add a couple of things.

9 He did mention that we have portable housing. We
10 have 28 percent of our classrooms are relocatable housing.

11 Our students and our board believes that our
12 students should be in their neighborhood schools, not
13 outside of their districts.

14 We mentioned that we're overloading 2,000 plus
15 students to outside of their neighborhoods, and we believe
16 that by implementing the Level III fees, it will give us an
17 opportunity to be able to create more housing for our
18 students.

19 We also -- I personally would like to ask that
20 this item would come back as an action item. We have --
21 this is the second time this item has come to this Board and
22 each time, it was an informational item. We believe that
23 this should be an action item.

24 The Board should take action on whether or not
25 they want to implement the Level III development fees for

1 those districts that are in need of it, and you could also,
2 while doing that, create a trigger to stop it, and that this
3 could be a stopgap for what will happen in November with the
4 local bond.

5 You could help us now. If the bond passes -- the
6 State bond passes, then that could be the trigger to remove
7 the Level III fees, but we do need your help at this time.

8 Thank you very much.

9 CHAIRPERSON ORTEGA: Thank you.

10 MS. CROSBY: Good afternoon. My name is Anne
11 Crosby. I'm a School Board Trustee in Fremont, and we want
12 to thank you for being willing to listen to our families
13 today.

14 I would like to share what it's like and what it
15 means to be a student in Fremont.

16 We are projected to need eight new schools to keep
17 up with our growth. An elementary school will cost
18 approximately \$58 million to build in Fremont and we need
19 five and two junior highs and a high school.

20 We will need approximately a half billion dollars
21 to meet our student's needs.

22 I would like to provide to your Board the matrix
23 that Fremont Unified uses to keep track of where our
24 students are attending schools so that we can fill every
25 single seat.

1 Currently, a family living by Ardenwood Elementary
2 School may drive their third grader across town every
3 morning, past eight other elementary schools, to reach
4 Durham Elementary where there is a seat available in third
5 grade.

6 The same family may also have to transport their
7 fifth grader to a different school where there is room for a
8 fifth grader, while still getting their junior high student
9 to school on time.

10 Every morning, we have 90 kindergartners from
11 Niles area of Fremont traveling to the Gomes Elementary
12 School. 90 five-year-olds pulled out of bed a half an hour
13 earlier to get to school instead of sleeping later and
14 walking around the corner to a neighborhood school. This is
15 their introduction to education.

16 We are doing all that we can to keep clean, safe
17 schools for our students, but we have already placed 383
18 portable classrooms with more coming this summer.

19 We are now placing portable restroom buildings
20 because our students can't wait in line to use the restroom
21 and get back to school in time.

22 Though a new State bond may pass in November, we
23 need help now. We can't wait.

24 SB50 dictates that when states run out of funds
25 for school facilities, school districts may begin charging

1 Level III fees. The billions of dollars in school projects
2 far outweigh the millions of dollars the State has
3 remaining.

4 For our students, please make the declaration that
5 allows us to collect these funds to meet our students'
6 needs. Thank you very much.

7 CHAIRPERSON ORTEGA: Thank you.

8 MS. FISCHER: Hello. My name is Liz Fischer and
9 I'm representing a group of concerned parents and FUSD staff
10 that have come here today and we passed a resolution.
11 However, most of the points in the resolution, you're very
12 well familiar with, so I'll just share a few highlights.

13 The California Constitution finds public education
14 is a State responsibility in Article IX, Section 5, and the
15 State has exhausted the available school facility funds and
16 cannot provide a State match for almost \$2 billion in
17 projects.

18 The State's lack of school facility funds and
19 failure to authorize Level III mitigation fees has cost the
20 Fremont Unified School District \$11,317,734.

21 Continued State inaction will increase the
22 uncollected funds for school facilities.

23 The Fremont community has supported local school
24 facilities with a parcel tax, Measure K in 2010, and a
25 school facilities bond measure, Measure E, of \$650 million

1 in 2014.

2 And continued inaction by the State Allocation
3 Board has placed an unfair and unreasonable burden on the
4 Fremont Unified School District and Fremont community.

5 So, therefore, concerned parents and teachers of
6 Fremont hereby find and determine that we call on the State
7 to take action to meet its constitutional responsibilities
8 for school facilities funding to benefit our students and
9 our community and hereby urge the State of California to
10 immediately declare that the State School Facility Program
11 currently bond authority is effectively exhausted for the
12 new construction and modernization of schools, affecting the
13 majority of California school districts, and to authorize
14 school districts to impose Level III developer fees as
15 mitigation for new development within the State of
16 California, including but not limited to Fremont Unified
17 School District. Passed today by our assembly of 29 with 29
18 ayes, no nos, and no abstentions.

19 CHAIRPERSON ORTEGA: Thank you, Ms. Fischer.

20 MS. FISCHER: Thank you so much.

21 CHAIRPERSON ORTEGA: Thank you. And I'm going to
22 ask the rest of the folks to please identify yourself and
23 just let us know that you're in support as well.

24 MS. BIRBECK: I would ask -- I'm here to represent
25 our entire union of over 2,000 people, Vice President, so I

1 would ask for a minute and a half, I promise.

2 CHAIRPERSON ORTEGA: Very quickly. Thank you.

3 MS. BIRBECK: My name is Victoria Birbeck and, as
4 I just stated, I am here speaking on behalf of our over
5 2,000 educators as the Vice President of Fremont Unified
6 Teachers District Association.

7 As educators, we go into our profession to assist
8 in the development and caring of our students. Personally
9 as a math teacher, I also did a little bit for the love of
10 formulas, but I'll let our Assistant Director of Finance go
11 into that if you would like.

12 In representing all of my teachers, I appeal to
13 you to do what we need in order to care for our students.
14 We need your help because right now in Fremont whenever a
15 four-year-old enters their neighborhood school office to
16 register and is notified that they'll be in a lottery to be
17 waitlisted because of overcrowding, that's not caring.

18 When they're notified over the summer that they're
19 being sent to an elementary school they haven't heard of,
20 it's not caring. When a five-year-old is bused across town
21 past their home school and past many other schools that are
22 also too impacted to take him, it's not caring.

23 When families are kept in limbo about placement
24 and offered an opening at their home school whenever their
25 number comes up in the middle of a school year facing them

1 with the choice of passing it up or setting their child back
2 emotionally and academically by switching schools midyear,
3 it's not caring.

4 We need right now to notify this Board that in
5 order to keep with the financial obligations to care for our
6 children we need you to make it a priority.

7 As a teacher, all of these circumstances are
8 heartbreaking, but I know that you can also identify that if
9 this was your child, if this was your community, it would be
10 equally heartbreaking.

11 All of our educators in Fremont are in the
12 business of caring, but we need you to please show us that
13 your care about our students as we do by making the choice
14 to fully fund our school development. Thank you.

15 CHAIRPERSON ORTEGA: Thank you.

16 MS. SCHLOBOHM: I'm Antoinette Schlobohm. I am a
17 teacher at Ardenwood and a parent of two FUSD alumni. With
18 all due respect, we the citizens of and teachers in Fremont
19 Unified School District request Level III mitigation fees as
20 required by law for new developments in Fremont and all of
21 California.

22 Our schools are impacted severely with 35,000
23 students and over 2,000 today are overloaded.

24 We believe that the law since 2012 requires the
25 State Allocation Board to implement Level III funding. Our

1 citizens have done their fair share, passing two measures,
2 the last in 2014.

3 Through nonenforcement of Level III fees, the
4 State and State Allocation Board placed an unfair burden on
5 FUSD and its citizens.

6 One of the eligibility requirements for Level III
7 fees is at least 20 percent portable teaching stations.
8 We're at 28 percent.

9 Our facilities are aging and in need of repair.
10 They are in need of continual maintenance. Proper capital
11 funding for facilities management ensures the fewer,
12 unnecessary emergency repairs.

13 Our number of restrooms and student to restroom
14 ratio is inadequate, and all of our 42 schools are out of
15 compliance.

16 Imposing Level III fees is not only required by
17 law, but it's a win-win-win for our students, our citizens,
18 and the State. Proper accommodations will allow us to
19 provide students with a safe, secure, and peaceful
20 environment where all students can get a quality education.

21 Again, we'd like you to do what the law requires.
22 Thank you.

23 CHAIRPERSON ORTEGA: Thank you. Again, if the
24 rest of the folk could just say your name and --

25 MR. PARUNGAO: Good afternoon. My name is Raul

1 Parungao, the Associate Superintendent for Fremont Unified
2 School District, and I just want to say that I'm in support.

3 So today I'd like to be able to paint a picture
4 for you where the situation -- how crucial the situation is
5 at Fremont Unified School District.

6 We agree that there is a formula in calculating
7 the Level II developer fee. We believe that the current
8 formula does not align to the reality.

9 And so just take a look at if we have a growth of
10 30 students in the students. That means that we would need
11 one classroom to be able to house 30 students.

12 Well, to build one classroom, it requires \$950,000
13 in the Bay Area. You cannot build classrooms without land,
14 so we have to acquire land. It requires \$800,000 cost of
15 land to be able to build one classroom. Total \$1.75 million
16 dollars.

17 Imagine how much Level II developer fee we're
18 going to generate with 30 students. It's about \$560,000.
19 You could tell that the amount of Level II is about less
20 than a third of the true costs of housing 30 students.

21 We're very grateful about the local control
22 funding formula for the restoration of the funding.
23 However, you're aware that there is also a requirement for
24 us to lower class size to 24 to 1.

25 In our district, to lower down the class size to

1 24 to 1, we needed 84 classrooms to be able to house the
2 lowering of the class size. At \$1.75 million per classroom,
3 it is -- requires \$147 million to house all those students
4 with 84 classrooms.

5 Our school are growing and it's also -- that we be
6 growing by about 3,000 students for the last seven years,
7 and every year we're still growing by about 600 students
8 every year. That's actually, you know, next year thereafter
9 for the next seven.

10 In order to house 600 students that we grow every
11 year, we require 30 classrooms. That means \$35 million that
12 we need every year.

13 This morning, I had to -- left the district before
14 we came here and I was told that we actually have about 300
15 kindergarten students who are pre-enrolled that don't have
16 room. We have 2,600 pre-enrolled students. We only have
17 about 2,300 seats available. We don't know how to house
18 those 300 students.

19 I don't know about you, but if I have to tell a
20 five-year-old enrolling into our school and say I don't have
21 any room for you, that keeps me awake at night.

22 And so I urge you to actually declare to Level III
23 for us to be able to mitigate the problems that we have in
24 Fremont. Thank you.

25 CHAIRPERSON ORTEGA: Thank you.

1 DR. SALWAN: Good afternoon. My name is Raj
2 Salwan. I'm a former Fremont City Councilmember and current
3 Chair of the Fremont Planning Commission.

4 Real quickly, I just want to say that Fremont has
5 been a model community. We have designed for PDAs with a
6 new BART station. We have done our part. We've been one of
7 the first cities to dedicate affordable housing, our
8 boomerang funds, and we have this need for more schools.

9 And the city is doing everything that they can,
10 but we definitely need your support to get Level III fees so
11 we can build new schools. Thank you.

12 CHAIRPERSON ORTEGA: Thank you.

13 DR. KHAN: Good afternoon. I'm Dr. Sonia Khan.
14 I'm a Board Certified Pediatrician and with specialty in
15 ICU, trauma, and adolescent medicine. I'm a Fellow of the
16 American Academy of Pediatrics, California Council on School
17 Health.

18 I have a letter here with the medical and mental
19 health consequences outlined for these students because of
20 saturation of their facilities. In the interest of time,
21 I'll submit it in writing, if you don't want to hear it
22 right now.

23 CHAIRPERSON ORTEGA: Thank you.

24 SENATOR WIECKOWSKI: I'm Bob Wieckowski. I'm the
25 State Senator for the Fremont Unified School District. I

1 represent these children plus everybody else, and I urge the
2 Board to take action to move Fremont into the Level III
3 funding.

4 CHAIRPERSON ORTEGA: Thank you, Senator.

5 MR. NG: Good afternoon. My name is Hui Ng. I'm
6 a regular Fremont person. I just want to tell you that in
7 addition to all the classrooms, Fremont schools are
8 struggling with inadequate sport facility, music facility,
9 lab. The entire infrastructure of our schools are under
10 tremendous amount of pressure.

11 My high school was built for 1,200 students. In
12 about five years, it is expecting 3,000 students and those
13 are the type of problems that our schools and the people of
14 Fremont are struggling with.

15 We need Level III fees so that we can get some
16 extra dollars from developers. We need all the help that we
17 can get.

18 I feel that speaking as a regular citizen, I feel
19 that the people of Fremont have done everything we can and
20 we are coming here because we really, really need the help.
21 Thank you very much.

22 CHAIRPERSON ORTEGA: Thank you.

23 MS. PATEL: Hello. My name is Ipsha Patel and I
24 am here representing the Fremont Unified School District.

25 I go to Hopkins Junior High School, and I wanted

1 to talk about all the kids that couldn't actually get into
2 the school. So there are many kids who have come from a few
3 schools all around, like Chadbourne and Gomes and stuff, but
4 some of those kids couldn't get in because there isn't
5 enough space.

6 So we need to build some more schools so people
7 could get in. Thank you.

8 CHAIRPERSON ORTEGA: Thank you.

9 MS. ROUSE: Hi. We're from Dublin and there's
10 four of us and we will be brief.

11 CHAIRPERSON ORTEGA: Thank you.

12 MS. ROUSE: Good afternoon, Chairwoman Ortega and
13 State Allocation Board. My name is Megan Rouse and I am
14 Vice President of the Dublin School Board. Thank you for
15 hearing us today.

16 We'd like to thank Assemblymember Susan Bonilla
17 for her support and the time she has spent working on this
18 critical issue with us.

19 ASSEMBLYMEMBER BONILLA: Thank you.

20 MS. ROUSE: We'd also like to thank Senator Steve
21 Glazer and Assemblymember Catharine Baker who was here
22 earlier and their staffs for their advocacy on our behalf.

23 We must be familiar faces by now to you. We are
24 here again to advocate for Dublin students and all students
25 and we will continue to do so until we get the relief that

1 we need.

2 Please allow me to introduce Board President Dan
3 Cunningham.

4 MR. CUNNINGHAM: Thank you, Megan. I just want to
5 make sure the body understands where Dublin is and what our
6 circumstances are.

7 We're a high performing district like Fremont, the
8 second fastest growing city in the State of California,
9 which is bringing a lot of kids to our schools.

10 We've doubled in size in the last ten years and we
11 expect to increase another 50 percent in the next five.

12 The fast pace of growth in Dublin has created
13 demand for an additional 5,000 seats in our schools in the
14 next decade in buildings we don't own and on land we don't
15 have.

16 Since the last time the State allocated funds to
17 Dublin, we have added more than 2,700 students. New homes
18 are being bought and sold and students continue to come to
19 our schools. Campuses continue to fill and our city council
20 can't even use schools as a reason not to approve a housing
21 project because of SB50.

22 Our community is justifiably frustrated as they
23 see the conditions begin to change in our high functioning
24 school district. Plain and simple, we need more classrooms.

25 Right now, we are not sure how we're going to be

1 able to afford it. We wait for tens of millions in funds
2 due for schools we have already built and we face a prospect
3 of having to build additional schools without State funds.

4 The issue is undermining our educational mission,
5 the confidence of our community, and frankly, our ability to
6 pass future bonds. It is doing damage that we believe is
7 complete unnecessary.

8 The situation has placed an unfair and
9 unreasonable burden on the Dublin school and community.

10 And finally -- and this is the most important
11 thing -- it's impacting our students. You heard it from
12 Fremont. The situation is becoming similar in Dublin.

13 It has stretched our resources of the district and
14 moved our focus away from educational mission to serve each
15 and every student every day, and it will have more
16 far-reaching impact going forward if we don't find a remedy
17 today.

18 This isn't hyperbole. It's the hard truth and now
19 Amy Miller.

20 MS. MILLER: Hi again. Amy Miller, Board Trustee
21 in Dublin Unified. The immediate action of this body is
22 very vital to our district and Fremont District and probably
23 many other districts.

24 We've done all of the right things, everything
25 that we can possibly do. We've worked to pass three local

1 bond measures with a fourth one on the ballot for this June
2 of 2016, and as generous as our community has been, we know
3 we cannot realistically maintain our facilities' growth
4 solely on our residents' pocketbooks.

5 We have worked closely with our city on agreements
6 that have allowed us to obtain land for two school sites at
7 no cost. We have entered into mitigation agreements with
8 developers on multiple projects.

9 We passed a resolution supporting the State bond
10 measure. We have conducted an extensive facilities master
11 planning process to accurately assess our needs, a project
12 that involves more than 50 meetings and a thousand
13 stakeholders.

14 Our needs for facilities are over a half million
15 dollars. We've rallied more than a thousand residents to
16 write letters to the Governor's office asking for a change
17 in the way the school facilities are currently funded. We
18 delivered those letters to the Governor's office today.

19 We have met with the CBIA and the local builders
20 in efforts to maximize the contributions the developers make
21 to our district.

22 And as you all know, we have spent the past few
23 months advocating here in front of this Board and its
24 legislators to come up with solutions that can bring relief
25 to our district. We have worked with local representatives,

1 Senator Glazer and Assemblymember Baker, and we have met
2 with others outside of our district seeking to build support
3 with districts like Fremont experiencing similar issues.

4 We have done our part. We now need the State to
5 do theirs and meet their constitutional responsibility to
6 provide school facilities funding for our students and our
7 community.

8 We hope that after you listen to our
9 Superintendent, Dr. Hanke, talk about a very reasonable
10 solution that we think we've come up with that you'll
11 consider agendizing that for your May meeting.

12 And I just want to give a special thank you to
13 Assemblywoman Susan Bonilla. She's given a lot of time and
14 energy and thought helping us work through this issue and
15 come up with a reasonable solution. Thank you.

16 DR. HANKE: Good afternoon, Madam Chairperson,
17 members of the Board. I am Steve Hanke. I am the
18 Superintendent in Dublin. Appreciate the opportunity to
19 speak with you today.

20 We agree with the sentiment that has been
21 expressed from Fremont and from the trustees as you just
22 heard of that the actual elements of SB50 -- the conditions
23 of SB50 do not meet our needs.

24 We have a serious problem facing our school
25 district. Overcrowding issues, you've heard about, those

1 are definitely in Dublin as well. We clearly are facing an
2 extreme hardship issue.

3 We face severe program alterations, significant
4 numbers of diversions, and the potential of double sessions
5 and other things if we cannot resolve this issue.

6 We have done absolutely everything that is
7 required and everything that we can locally.

8 These local efforts have just not been enough.
9 They have just not been enough.

10 We are proposing an alternative -- a remedy to
11 this dilemma that we are facing. The remedy that we are
12 proposing the Board consider is an additional Board
13 regulation under 1859.

14 This alternative -- this remedy would do the
15 following. It would define extreme financial hardship like
16 districts in Dublin and districts like Fremont and I'm sure
17 there are others like ours.

18 This proposal would also provide hardship
19 assistance in the form of a loan from a budget line item
20 from this year's or next year's budget, '16-'17, or from the
21 pooled money investment fund. The repayment of that loan
22 would come potentially from the bond measure if it is passed
23 in November.

24 Now, we have taken the time, as has been
25 mentioned, to work very closely with the Building Industry

1 Association, both here in Sacramento and locally, and we
2 certainly pledge to continue to do so.

3 We are especially grateful again for the efforts
4 from Assemblymember Bonilla. She's been very gracious. She
5 has been very responsive. She has been very, very helpful.
6 We want to thank you for that.

7 And we are -- also understand that she has some
8 comments that she would like to make relative to this item
9 and I want to repeat the ask on again.

10 We ask of the Board this afternoon is that you
11 agendize -- you review this potential regulation and
12 agendize this for the May 25th meeting and I thank you.
13 Ms. Bonilla.

14 MR. HARMON: I'm Steve Harmon with Senator Steve
15 Glazer's office and just here to express his support for
16 this proposed amendment.

17 CHAIRPERSON ORTEGA: Great. Thank you.

18 ASSEMBLYMEMBER BONILLA: Thank you so much. I
19 want to thank the public. I know that's a long drive. And
20 were you guys in that school bus parked outside? Okay.
21 Well, you get bonus points for having no air conditioning on
22 the ride up here.

23 But thank you so much for coming and speaking
24 before us. This is an issue that, as been stated, that I've
25 been working with folks in Dublin and Fremont on.

1 I just passed out a copy of some proposed
2 regulations that have been drafted up with the help of Tom
3 Duffy and wanted to make the formal request that we put them
4 on the agenda for the May 25th meeting.

5 I believe that in the time between today and
6 May 25th there could be some very productive conversations
7 with the California -- CBIA building industry around -- this
8 gives a place to work from with the builders as well.

9 You know, in a nutshell, I think you already heard
10 a great summary from Superintendent Hanke on what is trying
11 to crafted here as a solution, basically a loan that would
12 be repaid but would be an emergency measure to really help
13 these districts that find themselves in the middle of a
14 crisis.

15 And the details are all laid outlined for you
16 there, and that would be my request now that I would seek
17 Board support to actually put these proposed financial
18 hardship regulations on the agenda for the May 25th meeting.

19 CHAIRPERSON ORTEGA: Okay. Thank you,
20 Ms. Bonilla. Let's go ahead and hear from Mr. Lyon and then
21 we'll open it for discussion.

22 MR. LYON: Yes. Good afternoon. Richard Lyon on
23 behalf of the California Building Industry Association.

24 To the issue that Assemblymember Bonilla raised
25 and Dr. Hanke, we would encourage the Board to move this

1 forward at the appropriate time.

2 We think the idea of an interim funding proposal
3 pending the passage of the bond in November that addresses
4 needs of growing districts who, as Dr. Hanke said, have done
5 everything that they've been required under law to do, to
6 come up with their local match, the problem here -- and it's
7 the problem that permeates the discussion not only at the
8 interim financing issue but at the Level III issue, is that
9 it's been ten years since we've had a State bond and it's
10 been ten years since the State has been fully active in the
11 partnership of financing school facilities.

12 And as a result, we're forced to have to deal with
13 these kind of marginal responses when the better effort here
14 is for all of us to get behind the bond and ensure its
15 passage.

16 That said, this interim funding proposal has
17 value. I think it's an important thing for the Board to
18 consider. I know the proposal has been distributed. I
19 don't know that we want to live and die by the specific
20 language on it right now, but directing the staff at the
21 appropriate time to go through the rule-making process so
22 that we can all engage on an emergency basis so that we can
23 get this up and running because there isn't that much time
24 between now and November and there are needs that need to be
25 addressed.

1 So we would encourage the Board to move forward
2 with this.

3 And then finally on the Level III issue, we're
4 very sensitive to what Fremont and Dublin have brought here
5 today. I heard this 20 years ago and I heard it from more
6 than just two districts in the Bay Area.

7 I heard it statewide from almost a thousand
8 districts and that's why we put the program together almost
9 20 years ago, the shared partnership, and it's been very,
10 very successful. \$130 billion when you calculate State
11 bonds, local bonds, and builder contributions by either
12 fees, community facility districts, or master mitigation
13 agreements, and housing about four and a half to five
14 million kids is a measure of success by anybody's standards.

15 We want to continue that program. We have
16 qualified at \$9 billion K-community college bond for the
17 November ballot. It is qualified for the ballot. It will
18 be on the ballot and we believe that it will pass and we
19 believe that once that happens, these issues on natural will
20 go away.

21 If, heaven forbid, the bond doesn't pass, then the
22 discussion around Level III and shifting financing
23 obligations would be rip, but it is not ripe today and it's
24 not ripe because dollars continue to exist in a new
25 construction account and the State Board continues to

1 approve apportionments.

2 So the statutory trigger that would authorize
3 Level III hasn't been pulled. That said, we all need to get
4 behind the bond as the solution to the problem here.

5 So thank you very much. Happy to answer any
6 questions, but thank you for the opportunity to address the
7 Board.

8 CHAIRPERSON ORTEGA: Thank you, Mr. Lyon.

9 I do want to make one comment about the timing of
10 the issue. Having just received it today, I'm not going to
11 speak to the merits of the proposal.

12 But my understanding is that there would need --
13 as Mr. Hanke mentioned, need to be an appropriation, a
14 specific item in the budget to actually provide the funding
15 that would be necessary for a loan program, and I don't
16 think that there would be resolution to that issue by the
17 May SAB meeting.

18 So I'm not sure that from a technical perspective
19 it makes sense to try to agendize this again for a month
20 when the budget discussions would not be complete by then.

21 I'm not sure that we could do anything more
22 besides have this same conversation in May.

23 So I'll start with that and I'll -- any other
24 members of the Board want to make any comments. Senator
25 Hancock.

1 SENATOR HANCOCK: Yes. I'm not sure about the
2 timing either. Let me say, I fully appreciate the problem.

3 If we made a finding, however, that there are in
4 fact no more bond monies available because the monies -- we
5 have a list that exceeds the amount of money that we have
6 carefully husbanded to give away in the remaining time, we
7 could make a Level III finding and move on that way,
8 couldn't we?

9 CHAIRPERSON ORTEGA: We could have that
10 analysis -- I think we might be able to have that analysis
11 before we would be able to have conclusion to the budget
12 issue but the summer.

13 So -- I mean I'm open to what other Board
14 members --

15 SENATOR HANCOCK: I mean I would be very loath to
16 set up a loan program with no money to pay it back.

17 CHAIRPERSON ORTEGA: Right.

18 SENATOR HANCOCK: So -- and I don't know how we
19 set up a loan program for some districts and not everybody.
20 So it would have to be a very large loan program.

21 Now, if we set up a loan program with the finding
22 that should the bond not pass, we would immediately trigger
23 Level III, that would give a path forward for districts to
24 pay back the loan. Otherwise, it doesn't seem like a path
25 forward.

1 ASSEMBLYMEMBER BONILLA: Well, I don't think we
2 can really have an adequate discussion on it because we
3 haven't had it to consider.

4 SENATOR HANCOCK: Yeah.

5 ASSEMBLYMEMBER BONILLA: And we haven't had a
6 staff analysis. I think what I'm requesting is that we
7 actually have a staff analysis of these proposed regulations
8 and maybe ask staff to speak to timing if you were to come
9 back in May. I mean maybe we need to have a meeting sooner
10 than May 25th.

11 Could you speak to the timing of how long these
12 steps would take in order to actually change the
13 regulations, if everybody decided after your analysis and
14 they have a chance to read them that they wanted to do that.

15 MS. SILVERMAN: Well, regulations are submitted on
16 a quarterly basis. So -- I mean we've actually had workload
17 currently on the 90 workload, and so we've got those actions
18 that we plan to move forward in May.

19 So we are working currently on those items and it
20 would -- we would probably need another opportunity to
21 continue to review it and weigh out the legal analysis. So
22 I think there's still -- we still need a lot more time than
23 a May deadline to get that forward.

24 CHAIRPERSON ORTEGA: I think -- I want to make
25 clear what I'm raising about the budget issue and the

1 appropriation.

2 Having a meeting earlier than May is not going to
3 solve that problem. The issue is if the staff come back
4 with an analysis in May, I can assume that a piece of the
5 analysis will be there needs to be an appropriation to
6 create a loan program.

7 So we could have the conversation again in May,
8 but we wouldn't be any further in advancing the proposal
9 when the budget hasn't been resolved by that point. It
10 seems to me that the creation of a loan program that would
11 require a budget line item has to inherently be part of the
12 budget process and the SAB regulation can't drive that. It
13 would have to be part of budget discussions.

14 So that's the issue I'm raising about having the
15 staff provide some analysis of this draft regulation. We
16 wouldn't be able to move it any further forward unless there
17 was actually a budget issue.

18 ASSEMBLYMEMBER BONILLA: Well, you might not be
19 able to take action on it, but it would give the Board
20 members the opportunity to actually review it and discover
21 whether they thought this was even a good way forward.

22 If we just wait -- are you proposing waiting into
23 June?

24 CHAIRPERSON ORTEGA: Well, I -- my preference
25 would be to wait until we saw the budget included a line

1 item that would then trigger the need for this regulation.

2 The regulation is not necessary unless you have a
3 budget item that creates the loan program, at which point we
4 could -- the staff would be responding to the budget item
5 and presenting a proposed regulation.

6 I don't think that it makes sense to have a
7 regulation proposed prior to having the dollars appropriated
8 in the budget.

9 ASSEMBLYMEMBER BONILLA: So do you think there
10 will be something -- are you implying then that there will
11 be some action in the budget?

12 CHAIRPERSON ORTEGA: I'm implying that there will
13 be budget negotiations. I think it's for you and the other
14 proponents of the proposal to pursue that through that
15 process. It's certainly not the administration's proposal
16 or anything I suspect we would be supportive of at this
17 time.

18 ASSEMBLYMEMBER BONILLA: Well -- yeah, I assume
19 that too, but I guess if the Board -- I mean you said it is
20 our advocacy that would make something happen in the budget.
21 That would be the point of discussing it in May so that we
22 would all be in agreement, you know, or at least the
23 majority of the Board would be in agreement to do that
24 advocacy as a budget item.

25 CHAIRPERSON ORTEGA: Well, I guess I would

1 question whether the Board would be doing the advocacy as
2 part of the budget process. Certainly any of the
3 legislators can be doing that advocacy and the members of
4 the public, but I am not suggesting that the Board would be
5 advocating a proposal for the budget process.

6 ASSEMBLYMEMBER BONILLA: Well, I don't know. I
7 think if the Board took -- had a discussion -- I just
8 don't -- I think we need to actually have the information
9 and have the discussion of what we're really doing is, you
10 know, pushing this down the road.

11 I don't know if you want to recognize Mr. Duffy.

12 CHAIRPERSON ORTEGA: Mr. Duffy.

13 MR. DUFFY: Madam Chair, members. If I may be of
14 help. Tom Duffy and I am assisting in this endeavor with
15 the Dublin Unified School District.

16 I think the conversation that you're having is
17 something that is valid and let me just give you a little
18 bit of background about the thinking, Madam Chair.

19 You're correct, I think, that the line item is
20 something that would be critical to this and that is
21 something that you don't control as a body, but we have had
22 discussions with members of the Legislature about this and
23 we are continuing those discussions.

24 And so the request really is to agendize this item
25 so that we could full-on discussion pretty much as

1 Ms. Bonilla has talked about, so that all of you could talk
2 about these issues and potentially, Senator Hancock, answer
3 the issue that you brought up, and --

4 SENATOR HANCOCK: The Level III issue that we
5 could do right away, couldn't we?

6 (Applause.)

7 MR. DUFFY: But on this specific request to ask
8 the Board to agendize this so the discussion could continue
9 and we could then report back to you whatever progress we
10 are having and I know you'll be watching that as well with
11 this request for the line item.

12 And we know that this is a significant task. We
13 have included in this document a proposal that we could look
14 also to the pooled money investment fund. The pooled money
15 investment fund, the AB55 loan mechanism, has been in place
16 for some time. It became dormant when the Department of
17 Finance asked all the State agencies to not approve bond
18 funding after we went into the collapse of 2008. And that
19 was in December.

20 That mechanism is in place. And part of the
21 question would be, well, where did those funds come from. I
22 think that's part of the discussion.

23 So what we want is to discuss a solution to a real
24 problem and that is a funding shortfall for districts that
25 through no fault of their own are not able to move forward

1 with projects or for districts that have to borrow from
2 future projects to be able to take care of projects today
3 where they were anticipating State funding because of the
4 limits that are imposed by law through SB50 and the other
5 mechanisms that are there that really constrain school
6 districts that are trying to deal with the growth issues
7 that you've been hearing today.

8 So the request really is a continuation of this
9 discussion with greater detail and then we can report back
10 to you any progress that we may be having on this issue of a
11 line item in the budget.

12 CHAIRPERSON ORTEGA: So -- Senator Hancock, I'm
13 going to get back to your question.

14 Assemblymember Bonilla, I want to say is it your
15 desire to have an action item in May that would take action
16 on the proposed regulations because that's where I feel that
17 it is premature for us to be able to act on a regulation
18 that would implement something that hadn't been approved in
19 the budget yet.

20 ASSEMBLYMEMBER BONILLA: I'm very happy to work
21 with you as long as we're able to actually have the -- I
22 understand your concern. I feel it's very important for us
23 to be responsive in May to have a discussion about an actual
24 solution.

25 If that means we take an action at a later date, I

1 understand that, but I don't want to just see us not address
2 this in May. It is time sensitive and I think we need to
3 have a full discussion with the full Board.

4 CHAIRPERSON ORTEGA: So perhaps Senator Liu and I
5 can work on --

6 SENATOR LIU: That's fine.

7 CHAIRPERSON ORTEGA: Go ahead.

8 SENATOR LIU: But it just -- it concerns me that
9 these two school districts are not the only ones that are
10 suffering from overcrowding -- or just, you know, in excess
11 of this whole picture here in California, and I feel
12 inadequate to make a decision like this unless I know what's
13 going on, you know, statewide.

14 ASSEMBLYMEMBER BONILLA: No. And this is not only
15 for these two. It would not only apply to them.

16 SENATOR LIU: Yes. I understand that. Yes. But
17 I do -- I feel uncomfortable about getting to a point of
18 approving something not going into any kind of detail. One,
19 where is the money coming from.

20 ASSEMBLYMEMBER BONILLA: Well, that would be the
21 point of the meeting in May. That's what I'm trying to do
22 is let us find out all that stuff.

23 SENATOR LIU: Okay. But I'm happy to work with
24 the Chair --

25 CHAIRPERSON ORTEGA: Okay.

1 SENATOR LIU: -- and we'll see what we could come
2 up with.

3 CHAIRPERSON ORTEGA: So we can work on bringing
4 something in May that would be -- perhaps what it would be,
5 would be a preliminary review of what the proposal is from
6 staff with perhaps a number of issues that would have to be
7 addressed if such a proposal were to go forward through the
8 budget process.

9 Okay. And let's then return to Senator --

10 ASSEMBLYMEMBER BONILLA: Or we could just pull
11 that trigger.

12 SENATOR HANCOCK: I mean I think that could be
13 part of the discussion.

14 SENATOR LIU: Right.

15 SENATOR HANCOCK: I mean it's in the law.

16 SENATOR LIU: Right.

17 SENATOR HANCOCK: We have it there. Why are we
18 doing a roundabout discussion of trying to get a loan fund
19 to cover every district in the State of California when
20 there's a clear legal pathway, making a finding that would
21 free up districts that wish to, to go ahead with Level III.

22 (Applause.)

23 SENATOR HANCOCK: I would like to see us talk
24 about that.

25 CHAIRPERSON ORTEGA: Okay. So, Senator Hancock,

1 that's a request to have an action on the Level III
2 developer fees.

3 SENATOR HANCOCK: Well, sure. Yeah.

4 CHAIRPERSON ORTEGA: All right. Any other
5 comments from Board members on that item?

6 Okay. Is there any other public comment --

7 ASSEMBLYMEMBER CHAVEZ: I have a question, just a
8 point of clarification.

9 CHAIRPERSON ORTEGA: Yes. Mr. Chavez.

10 ASSEMBLYMEMBER CHAVEZ: Maybe I misunderstood it.
11 Prior to this discussion, we had a presentation on the fees
12 I, II, and III, and it was my understanding when I was
13 reading it -- first time I really paid attention to it that
14 much, frankly.

15 There's a series of gates and steps before you can
16 file for Level III. And are we in that position right now?
17 Does this Board have the authority to go to Level III? Have
18 we hit all those gates?

19 CHAIRPERSON ORTEGA: I think that's exactly what
20 would be part of the analysis on an action item on this
21 question.

22 ASSEMBLYMEMBER CHAVEZ: No, but we -- it was in a
23 report --

24 MS. SILVERMAN: It's a report. It was just
25 information -- an information item. It's an information

1 item that's being presented with no action.

2 CHAIRPERSON ORTEGA: I think that --

3 ASSEMBLYMEMBER CHAVEZ: I know there's no action,
4 but as far as the definition of going into Level III.

5 CHAIRPERSON ORTEGA: I think today's information
6 item provided the statutory framework for how the decision
7 is made of whether you could trigger the Level III fees. I
8 don't think that it included the analysis of whether or not
9 we've made that --

10 ASSEMBLYMEMBER CHAVEZ: Okay.

11 CHAIRPERSON ORTEGA: If we're there. That's what
12 an action item would look like is providing the analysis of
13 whether or not the trigger could be pulled statutorily.

14 Please. Go ahead.

15 MS. LARA: Hi, my name is Susie Lara. I'm a
16 School Board Member for Beaumont Unified School District in
17 Riverside County.

18 And as I sit here and listened about these two
19 school districts, I'm sitting in fear of the same thing for
20 our district, and so it is a statewide problem and it really
21 is an issue for districts that are in a growth mode.

22 We just really don't know how we're going to pay
23 for all these facilities, and we really want to be able to
24 provide the best facilities for our students and what's best
25 for them.

1 So I'm sad to hear that Fremont has students going
2 across their community to go to school and things like that,
3 double sessions. Those things are nightmares for families,
4 and so I just really want you to take into consideration
5 that we're here for families and we're here to support their
6 families and their kids.

7 And our focus should always be the kids and so I
8 just hope that some resolution can be made to this because I
9 think that developer fees are important and I go back and
10 forth on the Level III because I know what the impact is for
11 developers and things like that, but the developers come in
12 and have an impact on our communities hugely.

13 And so it's a tough call, but I really think that
14 we need to do something to house our kids. It's only right
15 for them. They deserve to have a good education and that's
16 what we really want to do and I'm sure every school district
17 in California wants to provide what's best for their
18 student.

19 So I just want to say that I would really support
20 seeing this -- another discussion in May, and I would really
21 like to come back and be a part of that. Thank you.

22 CHAIRPERSON ORTEGA: Thank you. Any other public
23 comment.

24 (Applause.)

25 CHAIRPERSON ORTEGA: Thank you. Thank you to

1 everyone who's attended day. Thank you.

2 Any other public comment? We do have another --
3 oh, Senator.

4 SENATOR LIU: I think it might be helpful instead
5 of having a formal meeting about this to kind of lay the
6 cards on the table in a workshop, you know, to have a more
7 informal and invite the public to hear what they have to say
8 or, you know -- just think about that; okay?

9 CHAIRPERSON ORTEGA: Okay. Thank you, Senator
10 Liu.

11 We do have one additional action item before we
12 lose members, the **Consent Agenda**. If we could return to the
13 Consent Agenda. Lisa, you want to --

14 MS. SILVERMAN: Yes.

15 CHAIRPERSON ORTEGA: -- tell us what's on there?

16 MS. SILVERMAN: Yes. Consent Agenda is ready for
17 your approval.

18 CHAIRPERSON ORTEGA: Okay.

19 ASSEMBLYMEMBER BONILLA: Move the Consent.

20 MR. DIAZ: Move.

21 CHAIRPERSON ORTEGA: Moved by Ms. Bonilla. Second
22 by Mr. Diaz. Any public comment on the Consent Agenda?
23 Seeing none, all in favor say aye.

24 (Ayes.)

25 CHAIRPERSON ORTEGA: Okay. That's approved

1 unanimously. And we'll let Lisa --

2 MS. SILVERMAN: We have just two information
3 items. No action required by the Board. And just to
4 provide the Board an update on the **Executive Officer's**
5 **Statement.**

6 We just want to remind school districts that we
7 have a certification round coming up. So those folks who
8 have an unfunded approval, they are eligible to submit that,
9 and that's May 11th through June 9th.

10 And we also wanted to provide the Board an update
11 that in the Consent Agenda, there was a design fund for
12 seismic that was provided tonight for \$400,000 for Maple
13 School District.

14 And just an update on the priority in fundings
15 apportionments that the Board took action on in February.
16 That was \$81 million allocated to school districts and at
17 this point in time, there's a deadline looming of May 24,
18 and we have received a fund release request for over
19 \$70 million, so we're making some great progress there, and
20 there are several districts that are currently -- that we've
21 been in communication with to ensure that they come in
22 through the door with a fund release request.

23 And we also want to provide the Board an update on
24 the priority in funding apportionments for career tech
25 education projects. There was a deadline of April 14th and

1 the districts had to come in with not only the CDE approval
2 and the DSA approval in order to access their -- the next
3 step of accessing funds, and out of the ten, we only had one
4 that was able to perfect. So we just want to give the Board
5 an update.

6 And we'll be tracking some updates in the future
7 as far as the deadlines for the September projects. And we
8 also wanted to share with the Board the next meeting's
9 May 25th.

10 CHAIRPERSON ORTEGA: All right. Any other
11 comments from Board members? Any additional public comment?
12 All right. Seeing none, we'll be adjourned. Thank you.

13 (Whereupon, at 5:35 p.m. the proceedings were
14 adjourned.)

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REPORTER'S CERTIFICATE

STATE OF CALIFORNIA)
) ss.
COUNTY OF SACRAMENTO)

I, Mary C. Clark, a Certified Electronic Court Reporter and Transcriber, Certified by the American Association of Electronic Reporters and Transcribers, Inc. (AAERT, Inc.), do hereby certify:

That the proceedings herein of the California State Allocation Board, Public Meeting, were duly reported and transcribed by me;

That the foregoing transcript is a true record of the proceedings as recorded;

That I am a disinterested person to said action.

IN WITNESS WHEREOF, I have subscribed my name on April 21, 2016.

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